

Fiscal Year 04/05 Milestones

Favorable Ruling in Federal Appeals Court – The *Rosen v. Tennessee* Commissioner of Finance and Administration case was filed on behalf of persons eligible for TennCare as part of the expansion population on July 8, 1998, challenging the state's policies and procedures for determining and terminating TennCare eligibility. On May 27, 2005, the U.S. Sixth Circuit Court of Appeals reversed a federal court order that prevented the state of Tennessee from proceeding with enrollment reductions that had been announced by the Governor in November 2004. The Appeals Court decision overturned an Order by U.S. District Court Judge William Haynes. Judge Haynes had ruled that the State had a constitutional obligation to continue serving Tennessee's optional adult population.

Preparation for Disenrollment - On April 29, 2005 new enrollment was closed into the TennCare Standard program (the waiver/expansion population). The only exception is that children under age 19 can still "roll over" from Medicaid to TennCare Standard if they meet the eligibility requirements for TennCare Standard. Also on April 29, 2005, the non-pregnant adult Medically Needy (also called "Spend Down") category was closed. The Medically Needy program remains open for children up to age 21 and pregnant women who meet the eligibility requirements. All other TennCare Medicaid categories remained open to new enrollment. The Department of Human Services (DHS) conducted ex parte reviews of all persons in eligibility categories that were closing (adults, age 19 and older, in the expansion population) as a part of TennCare reform to learn if they might be eligible in an open category. Those who were eligible were moved to those categories. Those who were not eligible in an open category were sent a letter in early June 2005, with a "Request for Information" (RFI) form which they could use to send in additional information about themselves that might qualify them for an open category. Special outreach was conducted to be sure that certain groups such as people with Severe and/or Persistent Mental Illness, people with limited English proficiency, and people with other kinds of disabilities were assisted in filling out their RFIs.

Build Out of Management Team – Early in the Bredesen administration Governor Bredesen recognized the need for an enhanced senior management team to address the operational and structural changes that were necessary to stabilize the TennCare program. As a result the Bureau added several key members to its executive management team during the past year, including:

J.D. Hickey, M.D., J.D., Deputy Commissioner and TennCare Director:

Dr. Hickey joined the Bureau in July 2004 after serving as the on-site project lead for the McKinsey & Company team that conducted the initial feasibility study of the TennCare program in 2003. Under Dr. Hickey's leadership, the Bureau has returned the MCO network back to a risk-sharing arrangement, balanced its budget for two consecutive fiscal years and began requiring that certain performance and quality measures are achieved.

Wendy Long, M.D., MPH, Chief Medical Officer:

Dr. Long joined the Bureau in September 2004 as the senior medical officer, overseeing all clinical and quality of care initiatives. Dr. Long, a veteran public health physician, previously served as the Assistant Commissioner for the Bureau of Health Services in the Tennessee Department of Health.

Fiscal Year Milestones

Fiscal Year 04/05 Milestones

Brent Antony, Chief Information Officer: Mr. Antony joined the Bureau in March 2005 and manages the Bureau's information systems division, including long-range information systems strategy development and effectively managing technology relationships with other state departments, federal agencies and private contractors. Mr. Antony's experience includes developing and implementing electronic medical records and claims processing systems for private healthcare companies during the past 17 years.

Winnie Toler, Ph.D., Chief Network

Officer: Ms. Toler joined the Bureau in November 2004 to oversee the Bureau's managed care networks. Dr. Toler has more than 20 years of health care management experience and has served in upper management positions for a variety of private and public managed care groups.

Dave Beshara, RPh., MBA, Chief Pharmacy

Officer: Mr. Beshara joined the Bureau in March 2005 relocating to Tennessee from New Jersey where he managed pharmacy programs and formulary operations for government and private companies, including Medco Health Solutions.

New Management Information System - In August 2004, TennCare implemented a new management information system known as "TCMIS". Under contract with the state, EDS provided the TCMIS to replace the legacy system that had been in operation since 1984. Successful implementation of the new TCMIS was the result of an extensive vendor selection, system design and development process.

The new system better meets the management and information needs of TennCare. It provides enhanced support for current programs and core business processes, including:

- Recipient eligibility and enrollment
- Encounter and claims processing
- Premium management, and
- Provider enrollment

Reduced Number of Audit Findings - TennCare continued to make significant progress in reducing the number of audit findings in the annual Audit Report issued by the State of Tennessee Comptroller of the Treasury. In FY 2005, the audit report for 2004 was released with a total of 15 findings. Of these 15, seven were reduced in severity with improvement noted from the preceding year.

- SFY 2002 audit = 39 total findings
- SFY 2003 audit = 29 total findings
- SFY 2004 audit = 15 total findings

Implementation of Pharmacy Edits - TennCare's pharmacy claims processing system is an on-line, real time adjudication system. While the pharmacist is submitting a claim, the system simultaneously performs edits on the claim to ensure that TennCare's criteria for coverage and payment is met.

Many new edits were implemented in FY 2005 to enhance patient safety and low overall costs. Most notable among these are:

- Therapeutic Duplication – Denial of payment for two claims in the same therapeutic category,

Fiscal Year 04/05 Milestones

- Maximum Dose- Sets a limit on the amount of drug per day available to a patient based on guidelines of the drug manufacturer, and
- Drug to Gender - Limits certain medications to a specific gender based on the use of the drug.

Use of a Preferred Drug List

(PDL) - The 2005 fiscal year represented the first full year of operation of the PDL. TennCare uses the PDL to garner better pricing while assuring enrollee access to preferred medications. A PDL is a listing of medications in a given therapeutic category where one or more drugs have a preferential status over other drugs in that category. The presence of a drug as a preferred agent can be due to:

- Higher clinical efficacy than other drugs in the class, or
- A lower net cost than other drugs in the class, when all drugs in the class are clinically equivalent

Meetings of the Pharmacy Advisory Committee were held during the latter part of the year to begin the process of expanding the number of categories of drugs included on the PDL and to reassess the status of drugs in the categories of medications already included in the PDL.

Decision to Join the National Medicaid Pooling Initiative - In an effort to assure continued maximization of supplemental rebates despite a decrease in enrollment and the upcoming implementation of Medicare Part D, Tennessee made the decision to join the National Medicaid Pooling Initiative (NMPI). NMPI is a mechanism whereby multiple states band together in order to negotiate the best possible supplemental rebates. These rebates are returned to the state each time medications on the PDL are purchased by the TennCare program.

Enhanced Retrospective Drug Utilization Review (retro DUR) Process – During fiscal year 2005, TennCare made new appointments to the retro DUR board, expanded the Pharmacy Benefit Manager's responsibilities for retro DUR and developed a process to assure that at least three reviews concerning pharmacy prescribing practices, and the associated provider educational interventions, are conducted each quarter. In addition, routine procedures were implemented for identifying enrollees who receive large numbers of controlled substances from multiple prescribers and who fill those prescriptions at multiple pharmacies. These enrollees are then "locked in" to a single pharmacy in order to improve quality and reduce the potential for fraud and abuse.

Pharmacy Bonus Payments - To encourage pharmacies to ensure that patients are utilizing cost-effective preferred drugs, TennCare instituted a Preferred Drug List (PDL) compliance bonus. The bonus payment is a check given to pharmacies that achieve a 90 percent or greater PDL compliance. If the pharmacies achieve this PDL compliance, they receive a \$0.10 per claim bonus. Approximate payments for the PDL compliance bonus checks for Fiscal Year 04-05 were \$1,920,000.

Essential Access Payments - TennCare makes payments to hospitals for the unreimbursed cost of providing services - including costs for TennCare-eligible individuals and charity care. These hospitals are known as Essential Access Hospitals. Allocation of funds is based on an assignment of points for: (continued next page)

- TennCare adjusted days expressed as a percent of total adjusted patient days, and
- Charity, medically indigent care, and bad debt expressed as a percent of total expenses.

In Fiscal Year 2004-2005, \$100,000,000 was distributed to 118 hospitals out of a total 158 evaluated Essential Access Hospitals (EAH) in the following way:

• Essential Service Safety Net	6 hospitals	\$50 Million
• Children's Safety Net	3 hospitals	\$ 5 Million
• Free-Standing Psychiatric hospitals	9 hospitals	\$ 2 Million
• Other Essential Acute Care	100 hospitals	\$43 Million

Electronic Claims Filing for Nursing Homes – TennCare significantly upgraded the claims processing system that facilitates the ability of nursing facilities to submit claims electronically. On-line claims filing is now being used by virtually 100 percent of the long term care providers.

Decision Support System RFP and Award of Contract - In FY 2005, the state of Tennessee launched the TennCare Decision Support (TCDS) project. The purpose is to provide the state with more expedient access to the information it needs for program operations and to address the critical TennCare reform initiative. The contract for TCDS was awarded in December 2004 to Medstat of Ann Arbor, Michigan. Medstat brings significant experience in the healthcare industry with specific expertise in the Medicaid market sector. Design, development and implementation activities for the TCDS project were well under way by the end of the fiscal year, with results expected in early 2006.

Improvement in EPSDT Screening Rate - Early Periodic Screening Diagnosis and Treatment (EPSDT) is a federally mandated Medicaid program for children under the age of 21 that provides for periodic screening, vision, dental, and hearing services. EPSDT also requires that any medically necessary health care service be provided to an eligible child under the age of 21 even if the service is not available under the state's Medicaid plan to the remainder of the Medicaid population. Through EPSDT, a child's health needs can be assessed through periodic evaluations, assuring that health problems are diagnosed and treated early, before they become more complex and their treatment more costly.

TennCare has operated under a Consent Decree since 1998 that mandates improvement in EPSDT screening rates. Federal Fiscal Year 1999 was the first full year after that Consent Decree was finalized. For Federal Fiscal Year 2004 (the year that is reported during the 2005 state fiscal year), TennCare reported a periodic screening percentage of 73 percent - the highest rate ever recorded. In addition, the dental screening rate increased to 51 percent - again, the highest rate in our history. Table 3 depicts the progress Tennessee has made in improving EPSDT screening rates.

Table 3
Progress on Adjusted Periodic Screening Percentage and Dental Screening Percentage

	CMS 416 screening percentage *	Results of TennCare's Division of Quality Oversight Medical Record Review **	Adjusted Periodic Screening Percentage ***	Dental Screening Percentage****
FFY 96 (baseline)	39%	56.2%	21.9%	28.2%
FFY 99	36%	55.1%	19.8%	28.5%
FFY 00	45%	69.9%	31.5%	33%
FFY 01	50%	76%	38%	38.3%
FFY 02	54%	76.97%	42%	35.7%
FFY 03	62%	90.35%	56.02%	45.8%
FFY 04	73%	92.04%	67.2%	51%

Note: "FFY" means Federal Fiscal Year. The FFY is calculated from October 1 through September 30.

*Percentage taken from the ratio reported on the CMS 416 filed each year; determined according to CMS formula. That formula involves dividing the actual number of screening services provided by the expected number of screening services that should have been provided, given the ages and numbers of children enrolled.

**Percentage obtained by TennCare Quality Oversight Unit after conducting an annual medical record review on a statistically valid sample of encounters coded as periodic screens. This review determines what percentages of

Fiscal Year 04/05
Milestone

the required seven components were contained in the records.

***Percentage calculated by multiplying the figure in Column A by the figure in Column B.

****Percentage calculated by dividing the actual number of dental encounters provided for children aged 3-20 by the expected number of encounters - one (1) per year for each child enrolled in this age group.

TENNderCARE Branded – In Tennessee, the EPSDT program is known as “TENNderCARE”. The goals of TENNderCARE are:

- (1) To ensure that needed health care resources are both available and accessible, and
- (2) To assist young TennCare enrollees and their parents or guardians in the effective use of those resources.

TennCare joined with representatives from the Governor’s office, Department of Human Services, Department of Health, Department of Education, and other state agencies to unite the TennCare services offered to children under one branded set of services. Through discussions with these internal groups and several advocacy organizations, the TENNderCARE name was developed and new identity materials – brochures, posters, web sites and other products – were created to promote these preventive health and diagnostic services.

The Bureau conducted a four-week state-wide television, radio and billboard campaign to launch the program and introduce the TENNderCARE name. This initial introductory effort was immediately followed by the creation of an outbound call center, operated by the Department of Health, which contacts families of children enrolled in the program to remind them of upcoming physician appointments and assist in scheduling well-child screenings and other services.

Bureau staff also developed an online training and testing tool that was used to train staff in various state departments on the services offered under the TENNderCARE program. State employees and representatives from MCOs and other state contractors who have TENNderCARE-related responsibilities are required to complete this training session and successfully complete the follow up test to ensure program integrity.

The Bureau also conducted random telephone surveys of enrollees and primary care physician practices to assess initial awareness of these services. This awareness survey will be conducted annually to track the effectiveness of the TENNderCARE brand in increasing the screening rates of children enrolled in TennCare.

School-Based Health Program - TennCare received CMS approval to begin reimbursing school districts for medical services to certain Medicaid eligible children. To participate in this program, the service must be provided to a special education student while at school, allowing the child to receive a free and appropriate education under the Individuals with Disabilities Education Act (IDEA). This program partially reimburses districts for speech therapy, occupational therapy, physical therapy, behavioral services, nursing services and specialized transportation. In Fiscal Year 04-05, TennCare paid out approximately \$1 million to the Department of Education and about 30 local school districts. By the beginning of FY 05-06, approximately 100 local school districts were signed up to participate.

Simplified Medical Eligibility Process - The paperwork and process for determining Medical Eligibility (ME) for the expansion population was streamlined as part of a collaborative effort with TennCare advocates. The revised ME application was field-tested with the public, DHS Eligibility staff, TennCare advocates and current enrollees before implementation. A Medical Eligibility outreach/assistance unit (known as the “M.E. Help Desk”) was established to assist enrollees with ME questions. ■

1	2	3
8	9	10
15	16	17
22	23	24
29	30	31



TENNder CARE

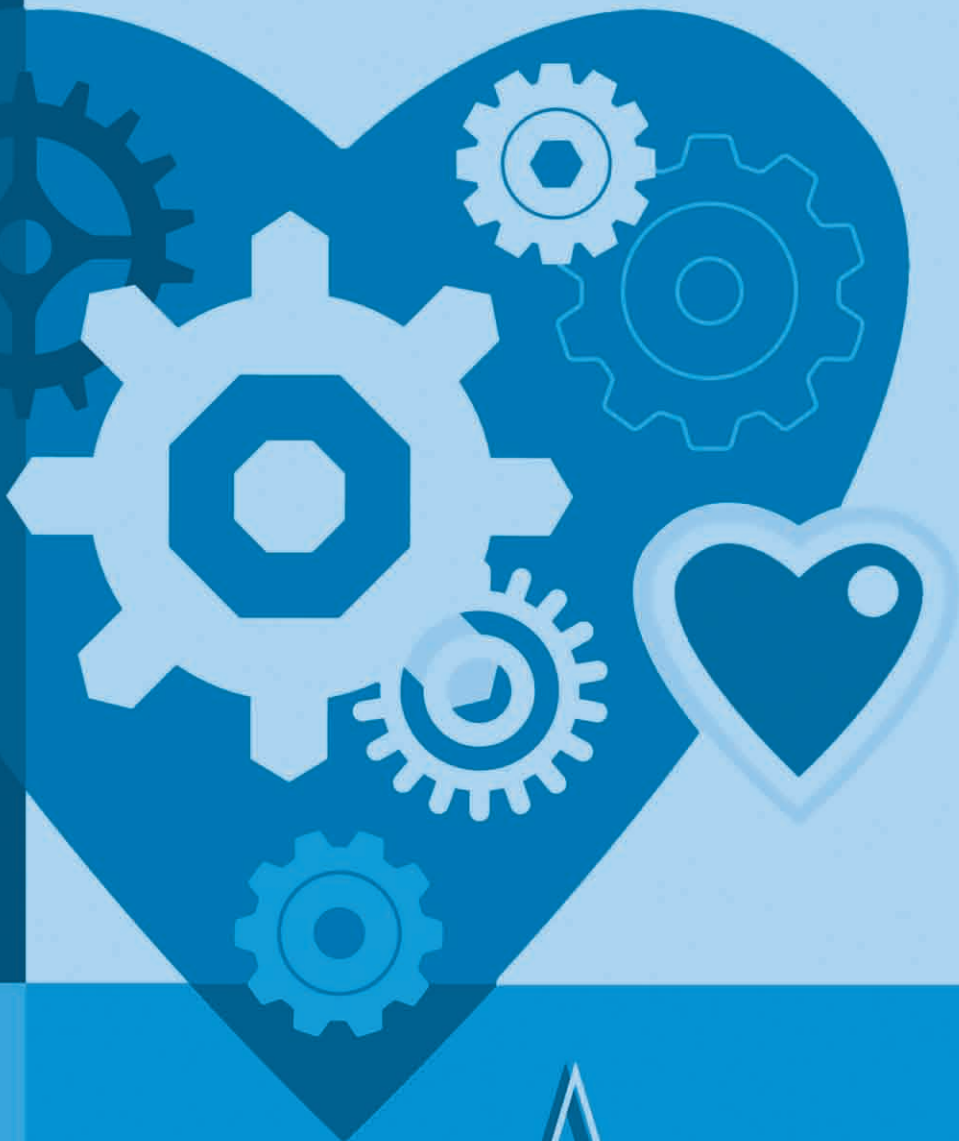
★ Check In ★ Check Up ★ Check Back

TENNESSEE'S EPSDT PROGRAM

"Every child in Tennessee deserves to grow up healthy and happy.

TENNderCARE is the state's commitment to see that our children and teens have the best start at a healthy life."

- Phil Bredesen, Governor





Giving Children the Best Start at a Healthy Life

Good health begins at birth and continues throughout life. Providing this opportunity to Tennessee youth, TennCare has established a program of check-ups and health care coverage designed for children of all ages.

The purpose of TENNderCARE is to assure the availability and accessibility of required health care resources and to help TennCare eligible children (under the age of 21) and their parents or guardians effectively use these resources.

Who is eligible?

Every child (under 21) who is eligible for TennCare is eligible for TENNderCARE services. A child can be eligible for TennCare through Medicaid or through the Uninsured or Uninsurable guidelines. TENNderCARE screenings are well-child check-ups. Children and adolescents should receive regular screenings even if there is no apparent health problem.

Screenings are the initial step in identifying children with needs requiring more in-depth testing and diagnostic procedures. Screenings are provided to initially identify problems in a general area requiring further assessment/evaluation (such as behavioral or developmental) while diagnostic procedures should identify or rule out specific problems (such as ADHD or mental retardation). Screening instruments are also designed for use with all children during a well-child visit.



TennCare requires that TENNderCARE screenings be performed according to the standards of the Periodicity Schedule that is recommended by the American Academy of Pediatrics. The required seven components are as listed:



- Comprehensive Health (Physical and Mental) and Developmental History
- Comprehensive Unclothed Physical Exam
- Health Education/ Anticipatory Guidance
- Vision Screening
- Hearing Screening
- Laboratory Tests
- Immunizations

What TENNderCARE provides

- Free check ups
- Dental check up and services
- Medical treatment
- Behavioral health services

Contact Information

Contact the Family Assistance Service Center at 1-866-311-4287.
Or, find us on the internet at:
<http://www.state.tn.us/tenncare/child.html>